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C O N F I D E N T I A L SECTION 01 OF 02 NICOSIA 000390

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TAGS: [PREL](#) [PGOV](#) [TR](#) [CY](#)

SUBJECT: CYPRUS: "TRNC PM" EROGLU TAKES PRO-SOLUTION LINE
WITH AMBASSADOR

Classified By: Amb. Frank C. Urbancic for Reasons 1.49(b) and 1.4(d).

¶1. (C) Summary: "If we cannot open one crossing point, how can we solve the Cyprus problem?" "TRNC PM" Dervish Eroglu rhetorically asked the Ambassador in a June 16 meeting. Eroglu said he supported Turkish Cypriot (T/C) leader Mehmet Ali Talat, but that Greek Cypriot "intransigence" would continue absent the threat of a "two-state" solution in the event of failure. Fresh from a June 11 "state" visit to Ankara, he said that both PM Erdogan and President Gul firmly supported Talat and wanted a solution. Eroglu said that he hoped to close a yawning TL 470 million (USD 305 million) 2009 budget gap through an emergency aid protocol with Ankara. In a distorted and veiled reference to the Embassy's support of the 2004 Annan Plan, he said that the U.S. should not fund activities that led to "polarization" in the T/C community. For his part, the Ambassador refuted Eroglu's innuendo and stated that the Embassy's only agenda was promotion of reunification and bicomunal coexistence. He urged Eroglu to show maximum flexibility in order to achieve the reunification of the island--a message the Ambassador said he also delivered to the Greek Cypriots.

I want a solution, or a state if that fails

¶2. (C) Eroglu, the septuagenarian leader of the nationalist National Unity Party (UBP) and hitherto a strong proponent of "TRNC" recognition, largely followed "pro-solution" talking points in a June 16 meeting with the Ambassador. A recent convert (apparently under Turkish government pressure) to supporting the UN-brokered process since his April 19 election, Eroglu said that he was "committed" to a solution and thus in harmony with T/C leader Talat. That said, he evinced skepticism of the process and suspicion of his Greek Cypriot (G/C) interlocutors. He said that G/Cs had scuttled every attempt at peace since 1974, but had succeeded in painting Turkey and the Turkish Cypriots as the "intransigent" party. Unless the U.S. and the international community made clear that failure in this "last chance" would be followed by a "two-state" solution, he argued, the Greek Cypriots would scuttle the present effort. Regarding the opening of the Limnitis/Yesilirmak crossing, Eroglu said it would not be worth opening if the T/Cs could not use it to ship fuel to the T/C enclave/military base at Kokkina.

¶3. (C) Eroglu said that both President Gul and PM Erdogan voiced strong support for Talat and the negotiation process in separate meetings with him during his June 11 "state" visit to Turkey. He again qualified his statement, adding that the G/Cs should not be allowed to keep Turkish Cypriots at the negotiating table forever. He said that his

"government" would try to close a massive 2009 budget deficit of TL 470 million through cost cutting (120 million) and a new six-month aid protocol with Ankara (350 million). He did not go into detail about where he would cut the bloated, inefficient public sector. (Note: Judging from his June 11 press conference with PM Erdogan, the partial privatization of Turkish Cypriot Airways and of KIBTEK (electricity authority), as well as some reduction of generous public sector benefits, are likely to be on table. End Note).

Please Don't Interfere!

14. (C) Eroglu, a fiery opponent of the Annan Plan, warned the Ambassador against financing activities leading to "polarization" in the T/C community. He asserted that in the past "USD 30 million" had been spent to that end--a canard used by anti-solution G/C and T/Cs to tar US and EU support for the Annan Plan. The Ambassador responded that the USG's only agenda was reunification and promoting bicomunal coexistence and that any funds, but certainly not the highly exaggerated "USD 30 million," had been spent along those lines in a transparent fashion. If Eroglu knew of any problematic use of USG funds, he should inform the Embassy immediately, the Ambassador said, and he would follow up personally. The Embassy was responsible to make sure that all expenditures were fully transparent and the Ambassador was committed to the requirement. The Ambassador said that all the parties--including the Greek Cypriots--would have to show flexibility and courage to end the division of the island.

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15. (C) Comment: Eroglu, who seeks to oust Talat in the April 2010 "TRNC Presidential" elections, needs to juggle a formidable number of balls. First, he must continue to mouth "pro-solution" rhetoric and not interfere with Talat in order to mend fences and curry favor with AKP and Erdogan. According to our T/C contacts, Erdogan still holds a grudge over Eroglu's knee-jerk rejection of the Annan plan. In that, he seems to have gotten off to a good start through his appointment of largely moderate "ministers" and successful visit to Ankara. Second, he faces the much harder task of keeping the perpetually bankrupt "ship of state" afloat. To do that, he needs to squeeze more cash from Ankara, but is unlikely to commit in any meaningful way to painful public sector reforms that would alienate T/C voters. Finally, he needs to soothe the "TRNC First" wing of his party, which is seething over Eroglu's "sell-out" to Talat. End Comment.

Urbancic